Trade and Agriculture
What's at Stake for Oklahoma?

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Oklahoma produces agricultural products that are exported worldwide. In 2000, the State's farm cash receipts totaled $4.2 billion, and exports were an estimated $431.8 million. These exports help boost farm prices and income, while supporting about 6,200 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are increasingly important to Oklahoma's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 10 percent in 2000.

Oklahoma's top five agricultural exports in 2000 were:

wheat and products – $221.9 million
poultry and products – $46.5 million
feed grains and products – $44.2 million
live animals and red meat – $25.7 million
animal feeds and fodders – $22.2 million

World demand for these products is increasing, but so is competition among suppliers. If Oklahoma's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

Oklahoma Benefits From Trade Agreements

Oklahoma is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of market opportunities include:

Oklahoma, the third largest wheat-producing state, benefitted from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and annual EU wheat imports jumped from 1.5 million tons to 4.5 million tons as the levied margin of protection fell. This translates to an 11-percent reduction in global export competition and a 3-million-ton increase in the EU market, half of which is supplied by the United States.

Under the North American Free Trade Agreement, Mexico eliminated import licensing for wheat and is phasing out tariffs. Since 1994, average annual U.S. wheat exports to Mexico have more than doubled, from 20 million bushels to nearly 50 million bushels. In 2000, exports reached 66 million bushels valued at $200 million.

Oklahoma, among the top 20 poultry-producing states, benefits under the Uruguay Round agreement because South Korea eliminated its import quotas on frozen chicken (whole and parts) in 1997, and is progressively reducing its tariffs to between 18 and 20 percent by 2004. These market-opening steps supported a rise in U.S. poultry exports to South Korea from 22,000 tons valued at $28 million in 1996 to 83,000 tons valued at $52 million in 2000. The Philippines opened a tariff rate quota for poultry meat of 16,701 tons in 1998, which will reach 23,500 tons by 2004. This arrangement permitted U.S. poultry exports to rise from 2,700 tons valued at $3 million in 1997 to 17,000 tons valued at $14 million in 2000.

Under the North American Free Trade Agreement, Mexico converted its import licensing regime for chilled and frozen poultry to a transitional tariff rate quota that will be phased out by 2003. From 1993 to 2000, U.S. poultry exports to Mexico rose from 164,000 tons valued at $188 million to 281,000 tons valued at $243 million.

Oklahoma benefitted as Japan reduced its tariffs on chilled and frozen beef to 38.5 percent, a move that exceeded its Uruguay Round commitment. Japan’s imports of U.S. beef rose from 274,000 tons valued at $1.3 billion in 1994 to 368,000 tons worth $1.5 billion in 2000. South Korea eliminated its chilled and frozen beef import quotas in 2001, and will reduce its tariffs to 40 percent by 2004. Supported in part by these changes, South Korea’s imports of U.S. beef rose from 60,000 tons valued at $227 million in 1994 to 143,000 tons worth $506 million in 2000.

Under the North American Free Trade Agreement, Mexico eliminated its 15-percent tariff on live slaughter cattle, its 20-percent tariff on chilled beef, and its 25-percent tariff on frozen beef. Its 20-percent tariff on beef offal will be eliminated by 2003. Mexico has been the fastest-growing market for U.S. beef, supported in part by the elimination of tariff barriers. U.S. beef exports to Mexico rose from the 1993 pre-NAFTA level of 39,000 tons valued at $116 million to 179,000 tons valued at $531 million in 2000.